

SENATE BILL No. 401

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6.

Synopsis: Protected taxes and school corporations. Makes permanent the fund allocation of property tax reductions resulting from the granting of property tax circuit breaker credits for some school corporations.

Effective: July 1, 2015.

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January 12, 2015, read first time and referred to Committee on Appropriations.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 401

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-20.6-9.8, AS AMENDED BY P.L.257-2013,
2 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 9.8. (a) This section applies to property taxes first
4 due and payable after December 31, 2009.
5 (b) The following definitions apply throughout this section:
6 (1) "Debt service obligations of a political subdivision" refers to:
7 (A) the principal and interest payable during a calendar year
8 on bonds; and
9 (B) lease rental payments payable during a calendar year on
10 leases;
11 of a political subdivision payable from ad valorem property taxes.
12 (2) "Protected taxes" refers to the following:
13 (A) Property taxes that are exempted from the application of
14 a credit granted under section 7 or 7.5 of this chapter by
15 section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or another
16 law.



(B) Property taxes imposed by a political subdivision to pay for debt service obligations of a political subdivision that are not exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or any other law. Property taxes described in this subsection are subject to the credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter regardless of their designation as protected taxes.

(3) "Unprotected taxes" refers to property taxes that are not protected taxes.

(c) Except as provided in ~~subsection (e) for property taxes due and payable in 2013~~ **section 9.9 of this chapter**, the total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined as if no credit were granted under section 7 or 7.5 of this chapter. The total amount of the loss in revenue resulting from the granting of credits under section 7 or 7.5 of this chapter must reduce only the amount of unprotected taxes distributed to a fund using the following criteria:

(1) The reduction may be allocated in the amounts determined by the political subdivision using a combination of unprotected taxes of the political subdivision in those taxing districts in which the credit caused a reduction in protected taxes.

(2) The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

(d) When:

(1) the revenue that otherwise would be distributed to a fund receiving only unprotected taxes is reduced entirely under subsection (c) and the remaining revenue is insufficient for a fund receiving protected taxes to receive the revenue specified by subsection (c); or

(2) there is not a fund receiving only unprotected taxes from which to distribute revenue;

the revenue distributed to the fund receiving protected taxes must also be reduced. If the revenue distributed to a fund receiving protected taxes is reduced, the political subdivision may transfer money from one (1) or more of the other funds of the political subdivision to offset the loss in revenue to the fund receiving protected taxes. The transfer is limited to the amount necessary for the fund receiving protected taxes to receive the revenue specified under subsection (c). The amount transferred shall be specifically identified as a debt service obligation transfer for each affected fund.



(e) This subsection applies to property taxes due and payable in 2013. The total amount of the loss in revenue resulting from the granting of credits under section 7 or 7.5 of this chapter must reduce the amount of protected and unprotected property taxes distributed to a fund in proportion to the property tax levy imposed for that fund relative to the total of all protected and unprotected property tax levies imposed by the political subdivision. The allocations shall be made after the political subdivision receives its distribution.

SECTION 2. IC 6-1.1-20.6-9.9, AS ADDED BY P.L.120-2014, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 9.9. (a) A school corporation is eligible to allocate credits proportionately under this section for 2014, 2015, or 2016, if the school corporation's percentage computed under this subsection is at least ten percent (10%) for its transportation fund levy for that year, as certified by the department of local government finance. A school corporation shall compute its percentage under this subsection as follows:

(1) Compute the amount of credits granted under this chapter against the school corporation's levy for the school corporation's transportation fund.

(2) Compute the school corporation's levy for the school corporation's transportation fund.

(3) Divide the amount computed under subdivision (1) by the amount computed under subdivision (2) and express it as a percentage.

The computation must be made by taking into account the requirements of section 9.8 of this chapter regarding protected taxes and the impact of credits granted under this chapter on the revenue to be distributed to the school corporation's transportation fund for the particular year.

(b) A school corporation that desires to be an eligible school corporation under this section must, before May 1 of the year for which it wants a determination, submit a written request for a certification by the department of local government finance that the computation of the school corporation's percentage under subsection (a) is correct. The department of local government finance shall, not later than June 1 of that year, determine whether the percentage computed by the school corporation is accurate and certify whether the school corporation is eligible under this section.

(c) For a school corporation that is certified as eligible under this section, the school corporation may allocate the effect of the credits granted under this chapter proportionately among all the school corporation's property tax funds that are not exempt under section



- 1 7.5(b) or 7.5(c) of this chapter, based on the levy for each fund and
- 2 without taking into account the requirements of section 9.8 of this
- 3 chapter regarding protected taxes.

